

State Employee Benefits Committee
Monday, September 24, 2012 at 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware

The State Employee Benefits Committee met on September 24, 2012, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, Director, OMB, SBO
Faith Rentz, Deputy Director, OMB, SBO
Vicki Ford, OMB, Financial Operations
Dawn Guyer, OMB, Financial Operations
Dawn Davis, OMB, SBO
Mary Thuresson, OMB, SBO
Rebecca Reichardt, OMB, BDPA
Andrea Godfrey, OMB
Stuart Wohl, Segal
Chris Mathews, Segal
Emily Klublock, Segal
Howard Atkinson, Segal
Michael Morton, Controller General
Amy Quinlan, Judiciary
Andrew Kerber, DOJ
Karen Weldin Stewart, Insurance Commissioner
Chip Flowers, State Treasurer
Erika Benner, State Treasurer's Office

Valerie Watson, Department of Finance
Henry Smith, DHSS
Dave Craik, Pension Office
Yvonne Marshall, OMB, PHRST
Drew Brancati, Highmark BCBS DE
Jennifer Ward, Highmark BCBS DE
Faith Joslyn, Highmark BCBS DE
Julie Caynor, Aetna
Mike North, Aetna
Joe Morocco, HMS
Carrie Schiavo, Delta Dental
Chris Ulrich, U of D
Cynthia Angermeier, DSEA, R
Jim Testerman DSEA, R
Rich Phillips, DSEA, R
Jim Harrison, DSEA, R
Karol Powers-Case, DSE, R
Dave Leiter, DHSS

Agenda Items Discussed:

Introductions/Sign In

Director Visalli called the meeting to order at 2:00 p.m. Anyone who had public comments was invited to sign-in and any others wishing to comment would be given the opportunity. Introductions were given around the room.

Approval of Minutes

Director Visalli requested a motion to approve the minutes from the July 20, 2012, SEBC meeting. Controller General Morton made the motion and Mr. Smith seconded the motion. Upon unanimous voice vote the minutes were approved.

Director's Report – Brenda Lakeman

Ms. Lakeman reported that Open Enrollment for the Flexible Spending Account (FSA) and the Group Life Insurance Plan will begin on November 1 and run through November 21, 2012 with a benefit effective date of January 1, 2013. Both ASI and Minnesota Life will send out post cards to employees' homes in mid to late October. Enrollment information will be available on our website, as well as posters will be sent to all agencies. Employee Meetings will be held on November 7, 8 and 9 in each of the three counties.

One change to be noted is that the FSA IRS maximum limit will be decreasing from \$4000 to \$2500 for calendar year 2013 due to Health Care Reform. There are approximately 650 employees who contribute above \$2500.

Director Visalli asked if the communications, posters, etc will mention the decrease to \$2500 IRS limit and if those affected will be notified.

Ms. Lakeman ensured that the decrease will be thoroughly communicated and that employees would not be able to contribute over \$2500. It will also be communicated that re-enrollment in the FSA is not automatic.

Ms. Lakeman commented on Executive Order 36, review of the current rules and regulations. Meetings will be held on Thursday nights for public comment which includes the disability insurance program and eligibility and enrollment rules for the health plan. Any comments received at the meetings will be brought back to the Committee.

Medicare Part D reconciliation for plan year 2011 has been completed. As a result \$152,000 will be received.

Health Fund Financials – Vickie Ford (handouts - 2)

It was reported that the fund balance on the Fund and Equity report as of June 30, 2012 was \$49.3 million (M). July had five weeks of claims for a decrease of \$8.5M. The operational costs for Fiscal Year 13 was \$2M. Wellness payments went out at the end of July, just over a half million. The net ending cost for July was \$38.4M.

During the month of August subsidies for Medicare Part D were \$1.4M. Adjustments were made to the claims liability from \$37.6M, up to \$38.9M for a difference of \$1.3M, plus an increase in the minimum reserve from \$56M to \$61M for a difference of \$5M. The net ending balance for August 31, 2012 was \$31.6M.

There were no comments or questions.

FY12 Quarter 4 Financial Reporting – Howard Atkinson (handout)

It was reported that all plans cost comparison from July 1, 2011 through June 30, 2012 showed a total incurred medical claims and experiences of \$446.9M. This resulted in a loss of \$3.9M. The prescription drug claims and expenses totaled \$137.9M for a surplus of \$7.1M. Average membership was 115,357.

Charts and graphs showing the experience of each plan and all plans combined were explained.

Treasurer Flowers asked for clarification on the rates and there was further discussion.

Express Scripts – Medicare PDP Implementation – Brenda Lakeman (handout)

Ms. Lakeman reported that the Medicare Prescription Plan meetings started Tuesday, September 18 and will end on October 4, 2012. Retirees were notified of the change and upcoming meetings in a mailing from the Pension Office on September 4, 2012. A total of 425 attended meetings held in the three counties in the first week. There was a good reception and minimal questions. Express Scripts sent out a benefit overview on September 19. No action is required unless the retiree wishes to opt out of the prescription plan. A dedicated phone line will be set-up at Express Scripts to answer questions. Welcome kits will be mailed on October 24 and will include new cards for the pharmacy.

Controller General Morton asked if there was a 2 year contract for the separate piece. Ms. Lakeman confirmed that a bid would be allowed for the whole prescription together or apart in the Fall of 2013, effective July 1, 2014 for actives and January 1, 2015 for Medicare eligible retirees.

Ms. Lakeman commented that a trial presentation was given to SEBAC and a Pensioner group. Frequently asked questions are on the website.

DelaWELL Update – Faith Rentz (handout)

Ms. Rentz reviewed the DelaWELL Health Management Program slides starting with a program components comparison between program years 2012 and 2013. The Weight Watchers Program was brought back and counts toward the \$200 gold level reward for 2013.

To increase engagement, employees were encouraged to complete steps one and two, the Health Risk Assessment and Health Screening by October 15, for the Early Bird Payment. The first incentive payment will be paid in December 2012 rather than waiting until July of 2013. Continued from 2012, employees can complete health coaching or condition care to reach the gold level \$200 incentive reward, in addition to Weight Watchers.

There were just fewer than 3800 employees who received the \$100 incentive and about 2200 who reached the \$200 level for plan year 2012 paid in July. In addition to the Early Bird incentive payment, we are closely monitoring the health screening areas and with strong, consistent communication hopefully everyone has heard about the program. We are working with Segal and Truven Health Analytics to develop additional strategies to increase participation.

We are 38.5% above where we were at the same time last year for the health assessments and 13.9% ahead on screenings. Due to the Governor's email sent on September 11, DelaWELL staff increased appointment capacity at sites statewide to accommodate demand for health screenings. As always each site was able to provide screenings for many walk-ins.

Ms. Watson commented that the communication emails sent out by DelaWELL were sometimes daunting because they contained so much information. Ms. Rentz said she would work with Alere on the content and was open to suggestions. Director Visalli encouraged agencies have wellness champions to create smaller groups of employees to help promote DelaWELL activities. She also stated that DelaWELL was good for everyone and helped in saving people's lives, while also decreasing the bottom line.

SEBAC Comment

None.

Public Comment

Dave Leiter, DHSS, commented on the medical insurance for retirees versus the active employees. Every meeting there seems to be a comment about the active population paying more to cover the retirees' cost. He believes there was a promise made to employees that they would have medical coverage in retirement.

Director Visalli reviewed the current policy of service time for pension in combination with the percentage of state share for retirees. She also stated that unlike the Pension Plan there is not a guarantee for health care.

Karol Powers-Case, DSEA Retiree, asked why DelaWELL wasn't offered to retirees on Medicare over age 65. Ms. Lakeman explained that Medicare is your primary medical coverage and wellness is included as part of your overall medical care with your primary care physician. Ms. Powers-Case asked about the Weight Watchers offering of

DelaWELL and also about the funding of the \$200 incentive. Ms. Lakeman answered both questions and Ms. Visalli agreed to take into account Ms. Powers-Case's questions and comments and to find out what Medicare provides in relation to wellness.

Another question came up regarding the remarriage of surviving spouses as presented in Senate Bill 157. Ms. Visalli explained this was meant to eliminate medical benefits for a second spouse. This was concerning two spouses neither of whom worked for the state. She pointed out that the \$7,000 death benefit and survivor benefit is available to the spouse of the state retiree.

Rich Phillips, DSEA-R, had a concern regarding those that lived out of state and were unable to get a health screening at one of the in-state locations. This would hinder their participation and their ability to earn the incentives. Ms. Rentz confirmed that at-home kits were made available to those out of state employees and pensioners so that they could participate.

Other Business

None.

Director Visalli reminded all that the next SEBC meeting date is scheduled for Monday, October 22, 2012. A motion to adjourn was then requested. Controller General Morton made the motion and Ms. Watson seconded the motion. The meeting was adjourned at 2:55 p.m.

Respectfully submitted,

Dawn Davis
Administrative Secretary
Statewide Benefits Office, OMB